

Message Text

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C O N F I D E N T I A L STATE 180929

E.O. 11652:GDS

TAGS: MARR, JA, GW, XG, NATO

SUBJECT: BURDEN SHARING: MEETINGS IN WASHINGTON

REF: A. STATE 174403, B. COMUSJAPAN 1308322 JULY 1976

1. FOLLOWING IS RUNDOWN OF ITEMS DISCUSSED WITH GOJ FACT-
FINDING TEAM LED BY YUKIO SATO DURING TEAM'S WASHINGTON
STAY (KEYED TO ITINERARY IN REF A)

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2.MORNING OF JULY 19. DURING CALLS ON SHERMAN AND

ABRAMOWITZ AND AT INTRODUCTORY MEETING AT PENTAGON, SATO DESCRIBED PURPOSE OF VISIT. HE SAID IT WAS STRICTLY FACT-FINDING, PRIMARILY IN PREPARATION FOR US-GOJ LABOR COST-SHARING STUDIES IN FALL. HE SAID FRG WAS CHOSEN FOR COMPARATIVE STUDY BECAUSE OF SIMILARITIES BETWEEN FRG AND GOJ SOFA'S AND COMPARABLE ECONOMIC DEVELOPMENT OF TWO COUNTRIES; ALSO, OPPOSITION ELEMENTS IN JAPAN DIET OFTEN ALLEGE THAT FRG SOFA ARRANGEMENTS ARE MORE ADVANTAGEOUS TO HOST THAN US-JAPAN SOFA, AND WITHIN GOJ BUREAUCRACY, FOREIGN OFFICE IS OFTEN ASKED TO COMPARE ITS SOFA-RELATED BUDGET PROPOSALS WITH EXISTING ARRANGEMENTS IN FRG HE SAID. THUS, THERE IS SECONDARILY, A GREAT NEED IN FONOFF FOR DATA-BASE ON FRG, ACCORDING TO SATO. HE THEN GAVE DETAILED RUNDOWN OF SPECIFIC AREAS

OF INTEREST CONCERNING LABOR AND OTHER SOFA ITEMS. REF B PERTAINS.

3. AFTERNOON. AT SESSION WITH INTERNATIONAL ECONOMIC AFFAIRS AND COMPTROLLER OFFICIALS, SATO SAID THAT TO EXPLAIN U.S. NEED FOR DEFENSE COST SHARING, AND ULTIMATELY DEFEND PROPOSALS BEFORE DIET, HE WOULD LIKE TO HAVE BUDGET AND EXPENDITURE DATA ON COST OF MAINTAINING US. FORCES IN FRG AND JAPAN. HE WAS THEN GIVEN SUMMARY OF FRG FIGURES FROM U.S. BALANCE OF PAYMENTS ACCOUNTING REPORTS, WHICH INCLUDE FOREIGN NATIONAL LABOR COSTS. HE WAS CAUTIONED, HOWEVER, THAT DUE TO DIFFERENCES IN ACCOUNTING SYSTEMS, THIS DATA MAY BE DIFFERENT FROM DATA AVAILABLE IN FRG. SATO, WHO HAS PREVIOUS EXPERIENCE AS BUDGET OFFICER IN FINANCE MINISTRY, SAID HE RECOGNIZED POTENTIAL FOR DIFFERENCE. DISCUSSION ALSO COVERED DOD BUDGET TRENDS, FRG OFFSET ARRANGEMENTS, AND NATO BURDEN-SHARING. SATO WAS GIVEN COPY OF BRIEFING CHARTS USED IN DISCUSSION.

4. INSTALLATIONS AND LOGISTICS PERSONNEL GAVE OVERVIEW OF U.S. BASE STRUCTURE IN FRG, NATO INFRASTRUCTURE, JOINT LOGISTICS PROGRAMS, BASE SUPPORT FUNCTIONS (CONTRACT SERVICES AND JOINT USC), MODERNIZATION OF US FACILITIES IN FRG (MOUSF) PROGRAM, PUBLIC HEALTH AND SAFETY PROCEDURES
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FOR U.S. BASES IN FRG, AND NATO CENTRAL EUROPE PIPELINE SYSTEM (CEPS).

5. MORNING OF 20 JULY DELEGATION MET WITH DOD CIVILIAN PERSONNEL POLICY REPRESENTATIVES FOR LABOR DISCUSSIONS. DELEGATION RECEIVED GENERAL OVERVIEW OF U.S.-FRG LABOR ARRANGEMENTS, INCLUDING AGREEMENTS AND LEGISLATION, LABOR ADMINISTRATION PROCEDURES FOR ESTABLISH-

ING PAY AND EMPLOYMENT CONDITIONS, PROCEDURES FOR NEGOTIATING WAGE CHANGES, AND EMPLOYMENT TRENDS IN FRG. GOJ TEAM ASKED ONLY LABOR-RELATED CLARIFICATION QUESTIONS DURING THIS MEETING.

6. AFTERNOON, JULY 20. TREASURY OFFICIALS GAVE SATO A BRIEF HISTORY OF FRG OFFSET ARRANGEMENTS AND DESCRIPTION OF ITS MAJOR COMPONENTS--MILITARY PROCUREMENT, REHABILITATION OF BARRACKS, GERMAN PURCHASE OF US TREASURY NOTES AT VERY LOW INTEREST, AND WAIVER OF LANDING FEES. SATO LEARNED ABOUT CONCEPT OF "ADDITIONALITY", AND HOW THE AGREEMENTS OFFSET OUR BALANCE OF PAYMENTS AS WELL AS DOD BUDGETARY COSTS. SATO SEEMED PARTICULARLY IMPRESSED BY FACT THAT GERMAN PURCHASE OF SECURITIES WILL AMOUNT

TO SAVINGS TO US OF \$295 MILLION OVER SEVEN YEARS. HE ALSO RECEIVED EXPLANATION OF RECENT FORD-SCHMIDT AGREEMENT. AT MEETINGS WITH STATE OFFICIALS, SATO RECEIVED FURTHER INFORMATION ON THE NEGOTIATING HISTORY OF RECENT OFFSET ARRANGEMENTS, AND FRG UNWILLINGNESS TO ENGAGE IN LABOR COST-SHARING DUE TO LEGAL CONSTRAINTS.

7. LEGAL DISCUSSIONS CENTERED ON GOJ'S TEAM REQUEST FOR CONCRETE EXAMPLES WHEREIN FRG SOFA HAS BEEN "INTERPRETED OR IMPLEMENTED" TO WORK OUT DETAILED ARRANGEMENTS CONCERNING DISASTER PROTECTION, SANITATION, AND HEALTH MEASURES. DETAILS CONCERNING LABOR ARRANGEMENTS, BASE ACCESS, AND CRIMINAL JURISDICTION ALSO WERE REQUESTED. TEAM WAS ADVISED THAT SUCH DETAILS AND NEGOTIATING CONTEXT WERE NOT AVAILABLE IN WASHINGTON, BUT MUST COME FROM FIELD ELEMENTS. TEAM WILL FOLLOW UP WITH USAREUR, ET AL.

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8. COMMENT: GOJ TEAM SEEMED APPRECIATIVE OF INFORMATION IT HAD OBTAINED DURING WASHINGTON STAY WHICH, IT SAID, WILL SERVE AS VERY GOOD FRAMEWORK FOR PURSUING DETAILS IN BONN AND ELSEWHERE IN FRG (TEAM DOES NOT PLAN TO VISIT BRUSSELS) SATO IS OBVIOUS LEADER OF TEAM ALTHOUGH HE IS JUNIOR TO MIYASHITA. LATTER AS WELL AS SOMEHA HAVE LITTLE OR NO COMMAND OF ENGLISH. SUZUKI'S COMPREHENSION IS GOOD; SATO AND ANDO ARE ALMOST BILINGUAL. (COMUSJAPAN REPRESENTATIVE CLINTON HALL HAS ATTENDED VIRTUALLY ALL MEETINGS AND HAS COPIES OF ALL MATERIAL HANDED TO SATO.) ROBINSON

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